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AS TO THE EUROPEAN HATREDS OF AMERICANS

"EUROPE hates America." That is the familiar saying. "Every European hotel-keeper, tradesman, custom official, cab-driver is out to skin the American." That seems to be a fair summary of much common talk. The Editor of this paper has just returned from a trip to Europe. He has spent considerable time in England, Holland, Belgium, Germany, Austria, Hungary, Jugoslavia, Italy, and France. He has seen nothing to warrant any of these characterizations of the European attitude toward Americans. Quite the contrary. He lived at an excellent, quiet hotel, purely English in its quality, within five minutes of Westminster Abbey, where his room and three meals, including all service, cost him less than \$4.00 a day. In Holland, where the exchange is normal, he received the same service in a similar hotel at The Hague for just \$4.00 a day. This included a tax of 15 per cent to cover what we ordinarily call "tips," this amount being a part of the bill. The rates at the Palace Hotel, Brussels, are fixed, the price of the room being conspicuously posted. The rate was reasonable. At a first-class hotel in Cologne, with a room under the shadows of the spires of the Cathedral, the rate was much cheaper. All traveling in Germany, including the trip on the Rhine from Cologne to Mainz, is unbelievably cheap. In Munich there is a tax of 45 per cent on one's hotel bill; but even with this the rates are about half what they would be in an American city. An experience in Munich tells its own story. The Editor had telegraphed to one of the well-known hotels of that city for a room. When he arrived, late at night, he found that they had received his telegram, but that the crowd bound for Oberammergau had been so great that no room could be reserved. The manager, however, had waiting a young man who had one or two rooms which he, the manager, thought would be satisfactory. The young man took charge of the Editor's luggage, escorted him to his home, and received him as a member of his own family. No guest in a private family was ever more carefully looked out for. When the Editor wished to leave for Oberammergau the young man insisted upon carrying his luggage to the station in advance, looked out for his reservations, and attended to his every need. It was the Editor's plan upon returning from Oberammergau to Munich to leave for Vienna. He wished, therefore, to have reservations engaged in advance. He left with his young Bavarian friend a considerable sum of money with which to purchase the tickets and engage the reservations. When he arrived again in Munich the young man had left no

stone unturned to attend to his every want. Every cent of the money was most punctiliously accounted for. The Editor's train for Vienna was due to leave early the next morning. The young man insisted upon having the luggage ready, so that he could take it at a very early hour, sufficiently in advance, to the station that he might engage a seat, the trains at that season being unusually crowded. When the Editor arrived at the station, there was the young man, smiling with satisfaction. He said that he had placed the grips in such a way that the reservations would be unquestioned. When, however, they arrived at the train a rather large German had taken the seat. Notwithstanding the eloquence of the young man the heavy German persisted, the Editor meanwhile sitting on his satchel in the corridor. The young man's disappointment took on the form of rage, which expressed itself with great definiteness to the squatter, but without avail. The Editor never will forget the agony of that young man. After the train had started, the large German who had insisted upon his right arose gracefully and explained that he wished the Editor to take his seat; that he, the German, had insisted upon teaching the young man that he had not gone about the business in exactly the right way; that he was sure he could find a seat elsewhere, and no expostulation on the part of the Editor could prevail upon him to retain his seat.

The rate for two rooms in the Hotel Bristol, in Vienna, was unbelievable. It was 200,000 kronen a day. Before the war men often retired on 100,000 kronen, at that time equivalent to about \$20,000. Here were two rooms the price of which was 200,000 kronen a day, \$50,000 before the war. At the time of the Editor's visit, late in August, it amounted in American money to nearly \$3.00 a day.

It may not be just to take the experiences in Vienna, Budapest, and Belgrade as typical, for the Editor's party was made up largely of United States Senators and Congressmen. Naturally unusual deference might be expected to be paid to such official persons. But the rates and treatment of the Editor in his private capacity in Venice, Florence, and Paris left nothing but pleasantest memories. In short, the Editor saw nothing of anything like hatred for Americans nor any evidences of unjust overcharges. He heard of some Americans who had unpleasant experiences in certain parts of Europe, but he gathered the impression that the Americans were probably largely themselves to blame. There are certain Americans, unfamiliar with any language other than their own, who seem to consider it a personal grievance if some Frenchman, German, or Italian fails to understand them; or, on the other hand, if such

Frenchman, German, or Italian talks to him in a language which he cannot understand. Sometimes such Americans are angered to the point of forceful and blustery talk. The Editor learned of one crowd of rather loud Americans who flatly made it known in Oberammergau that they hated everything German. He did hear one German remark that he thought such Americans might better stay at home. With this the Editor was inclined to agree.

OF IMPORTANCE TO OUR DONORS A GOVERNMENT RULING

A NUMBER of donors to the American Peace Society have notified us that their contributions to our work have not been deducted from their gross income, as set forth in their income-tax returns. We therefore employed the *National Tax Service Bureau* of Washington to present our case to the Treasury Department and to ask for a reversal of the ruling in such cases. We are pleased to learn that the government holds that the American Peace Society is organized and operated exclusively for educational purposes, and that for that reason it is exempt from taxation, and that therefore contributions by individuals to the American Peace Society are deductible from the gross income of such donors, and that this applies to all gifts which have been made to this Society subsequent to 1917.

We have no doubt, therefore, that our donors will wish to apply to the Commissioner of Internal Revenue for the rebates to which they are entitled.

The self-explanatory letter from the Commissioner relating to this matter follows:

OCTOBER 10, 1922.

National Tax Service Bureau, 328-336 Woodward Building, Washington, D. C.

SIRs: Reference is made to your letter of July 6, 1922, with articles of incorporation and other documents, in support of the claim of the American Peace Society, Suite 612-614, Colorado Building, Washington, D. C., for exemption from taxation under the provisions of section 231 (6) of the revenue acts of 1918 and 1921, and particularly as to whether contributions to said Society are deductible in the individual returns of donors in the manner and to the extent provided in section 214 (a) (11) of the same acts.

An examination of the evidence referred to shows that the Society in question was incorporated by an act of the Commonwealth of Massachusetts, February 24, 1848. The Society is authorized (Revised Laws of Massachusetts, 1902) to hold property to the amount of \$1,500,000.00 without any change in its charter. The affairs of the corporation are under the management and control of a board of directors.

Article II of the constitution provides that the purpose of the organization shall be:

"To promote permanent international peace, to educate and organize public opinion in opposition to war as a means of settling international differences, and to advance in every proper way the general use of conciliation, arbitration, judicial methods, and other peaceful means of avoiding and adjusting such differences."

Article III provides that this Society shall include all persons, societies, and organizations in the United States interested in promoting the cause of international peace that may associate themselves with it in accordance with the provisions of the constitution. Membership is defined as of six classes, viz: annual, sustaining, contributing, life, institutional, and honorary.

In the request for ruling there appears a statement as follows:

"The American Peace Society was incorporated in 1848, with the sole object of promoting universal peace. Its activities and organization are further explained in its constitution and by-laws, adopted May 26, 1922. Though the constitution and by-laws have changed from time to time, no change has been made in its fundamental purpose and provisions. Its revenue is derived almost entirely from voluntary contributions and from investments in securities purchased with contributions. The income is spent in carrying out the purpose of the Society, which is the spread of the peace sentiment among the general public, and is done through the medium of a monthly publication known as the (ADVOCATE OF PEACE) and through organizations in every State. The only ones receiving salaries are the Secretary, who devotes his entire time to the business of the Society and edits the official organ, and his office help."

Section 214 (a) of the revenue act of 1921 provides that in computing net income there shall be allowed as deductions:

"(11) Contributions or gifts made within the taxable year to or for the use of any corporation, or community chest, fund or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, . . . no part of the net earnings of which inures to the benefit of any private stockholder or individual."

Section 231 of the revenue act of 1921 provides that the following organizations shall be exempt from taxation:

"(6) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, . . . no part of the net earnings of which inures to the benefit of any private stockholder or individual."

Based upon the facts presented, this office holds that the American Peace Society is organized and operated exclusively for educational purposes, and comes properly within the provisions of section 231 (6) of the revenue act of 1921. Consequently, it will not be required to file returns of income.

Since the corporation is exempt from taxation under the provisions of section 231 (6) of the revenue act of 1918, above specified, it follows that contributions to it by individuals are deductible from the gross income of such individual donors in the manner and to the extent provided by section 214 (a) (11) of the same act.

The exemption granted in this letter does not apply to taxes levied under other titles or provisions of the revenue act of 1921, except in so far as the exemption is granted expressly under those provisions to corporations enumerated in section 231.

This ruling also applies under revenue act of 1918.

Respectfully,

C. P. SMITH,
Acting Commissioner.